



**HOUSING ADVISORY COMMISSION
AGENDA (SPECIAL MEETING)**

WEDNESDAY, JULY 24, 2013
4:00 P.M. (Please note start time)

CITY HALL BY COUNCIL CHAMBERS
CONFERENCE ROOM #C101

CALL TO ORDER HAC/ROLL CALL

Marshall "Dawes" Hamilt _____, Mark Minas _____, Sergio Quero _____, Mauricio Torre _____, Lillian Uy _____.

1) APPROVAL OF MINUTES

❖ 4/8/13 - Attachment 1

2) ELECTION OF NEW CHAIR AND VICE CHAIR FOR FISCAL YEAR 2013/2014

3) FOR-SALE HOUSING POLICY

Housing staff will provide a synopsis of updates to the For-Sale Housing Policy which provides guidance to any affordable housing projects providing for-sale units, reference Attachment 2. The Commission will provide a recommendation to Council on the Policy update.

4) STAFF REPORTS

5) MEMBER'S COMMENTS

6) ORAL COMMUNICATIONS

Opportunity for members of the public to speak to the Housing Advisory Commission and Mobilehome Rent Review Commission on any subject matter within the Commission's jurisdiction but not an item on today's agenda. Each speaker's presentation may not exceed three minutes.

7) ADJOURNMENT – To a regular meeting of the Housing Advisory Commission on October 23, 2013 at 3:30 p.m.

Dated: July 18, 2013

COMPLIANCE WITH AMERICANS WITH DISABILITIES ACT (ADA)

The City of Chula Vista, in complying with the Americans with Disabilities Act (ADA), request individuals who require special accommodations to access, attend, and/or participate in a City meeting, activity, or service request such accommodation at least forty eight hours in advance for meetings and five days for scheduled services and activities. Please contact the Housing Division for specific information at (619) 691-5047 or Telecommunications Devices for the Deaf (TDD) at (619) 585-5647. California Relay Service is also available for the hearing impaired.

**CITY OF CHULA VISTA
DRAFT MINUTES
HOUSING ADVISORY COMMISSION &
SPECIAL JOINT MEETING WITH THE MOBILEHOME RENT REVIEW COMMISSION**

**Monday, April 8, 2013
6:00 P.M.**

**CITY HALL COUNCIL CHAMBERS
276 FOURTH AVENUE**

CALL TO ORDER HAC/ROLL CALL – 6:05 P.M.

PRESENT: Marshall "Dawes" Hamilt, Mark Minas, Sergio Quero (left at 7:45), Mauricio Torre, Lillian Uy

ABSENT: Armida Martin Del Campo (unexcused)

STAFF: Stacey Kurz, Senior Project Coordinator
Jose Dorado, Project Coordinator
Simon Silva, Deputy City Attorney
Mandy Mills, Assistant to the City Manager
Leilani Hines, Principal Project Coordinator

1. APPROVAL OF MINUTES

❖ 8/29/12 - Member Uy motioned to approve the minutes from the meeting of 8/29/12. Member Quero second the motion and all members agreed 5-0.

2. HOME INVESTMENT PARTNERSHIP & HOUSING AUTHORITY FUNDS LETTER OF PRE-COMMITMENT

Staff Dorado provided a summary of the staff report, Exhibit 1. The presentation, Exhibit 2, indicated that Wakeland Housing and Development Corporation have requested \$2M in affordable housing funds to assist in the development of a 33-unit mixed use project at 240 Landis Avenue.

Member Uy inquired if there would be on-site property management and whether this financing would affect First-Time Homebuyer (FTHB) funds. Staff Dorado indicated that on-site management would be provided and that funds are still available for FTHB activities, however buyers have been having difficulty locating foreclosures in the current market.

Public Hearing was opened by Chair Minas

Sam Longanecker, resident – asked if the Community Room was going to be used by both residents and Family Health Centers? Rebecca Louie from Wakeland commented that they have been discussing mutually beneficial programs that may be provided in the room.

Rudy Gonzalez, resident – questioned the cost/unit subsidy. Staff Dorado replied indicating it is approximately \$60,000 due to the leveraging of funds and relationship with Family Health Centers.

The Public Hearing was closed by Chair Minas

Member Uy recommended the existing waiting lists for other Wakeland managed properties should be notified of this property and provided preference. Rebecca Louie indicated that they could not provide preference but they could notice, they also intended to notice local businesses in the area and provide preference to Chula Vista residents and workers.

Member Torre motioned to recommend that City Council approve the pre-commitment of affordable housing funding for the development. Chair Minas second the motion and the motion carried 4-1, with Member Hamilt opposed.

CALL TO ORDER MHRRC/ROLL CALL – 6:25 P.M.

PRESENT: Rudy Gonzalez, Don Johnson, Sam Longanecker, Marco Torres

ABSENT: Steve Epstein (excused), Pat LaPierre (excused), Ramon Riesgo (excused)

3. APPROVAL OF MINUTES

❖ 1/24/13 - Member Torres motioned to approve the minutes from the meeting of 1/24/13. Member Longanecker second the motion and all present members agreed 4-0.

SPECIAL JOINT MEETINGS OF THE HAC & MHRRC

4. CITY STRATEGIC PLAN

Staff Mills provided a presentation to the Commissions regarding the draft strategic plan for the City, reference Exhibit 2.

Vice Chair Longanecker (MHRRC) asked how the goals, like public safety coincided with council action. Staff Mills indicated that the goals they saw in the presentation were rolled up from a larger more descriptive goal and often do not involve just one department. She proceeded to show an example.

Chair Gonzalez (MHRRC) asked about the staff investment into these goals and whether performance goals would be tied into these. He further asked what the cost to the city was to put this together and what the financial return was. Staff Mills indicated that the city did not currently have a pay for performance in place but the plan helps to define roles and importance of the goal in the larger picture of the city. For instance public safety is often just looked at regarding Police and Fire, however recognition is not always given to others that maintain equipment or provide services that keep residents safe within the city.

Vice Chair Longanecker (MHRRC) added an example of this. He had sent a letter in to the city complimenting the grounds crew at Rohr Park. The City Manager took the letter and went out to the park staff to acknowledge their work.

Chair Gonzalez (MHRRC) made a point that he would like staff to be careful in describing the city as east and west. Staff Mills responded that staff often refers to the I-805 split because different tools are generally required on either side of the city for development and maintenance.

Member Uy (HAC) added that departments can add value to goals like IT, and Share Point software was a good example of this.

5. HOUSING ELEMENT ANNUAL PROGRESS REPORT

Staff Kurz provided a presentation, reference Exhibit 2, of the Housing Element goals and policies for the period of 2005-2010. She indicated that the City was in process of adopting a new Housing Element for the period of 2013-2020.

Member Johnson (MHRRC) indicated that he had first hand experience with rehabilitation loans through the Title 25 inspection process and the consequences of not having funds available to help people that are unable to pay for repairs to meet the Title 25 requirements. He added he always looked at the loans as an investment in the people not the unit. He added that the City does have other programs such as Christmas In October that utilize volunteers and have traditionally focused on single family homes, but maybe could be replicated for mobilehomes. He also commented that maybe the City could work with the State to design units suitable for replacement in some of the smaller trailer spaces.

Mobilehome Rent Review Commission

Minutes

Page 3 of 3

Member Uy (HAC) asked if funds could be utilized for first-time homebuyer opportunities in mobilehomes versus rehabilitation in units that may be at their useful life. Staff Kurz replied that this is something we could look into further, but there would be unique issues with this type of program.

Member Torres (MHRRC) asked if income levels in parks are such to qualify residents and what percent of units are nearing their useful life. Staff Kurz replied that we do not know income levels of persons; however a large number of residents would qualify. She added that more than 50% of the units in Chula Vista are nearing useful life or an age where we would anticipate significant rehabilitation is needed.

Chair Gonzalez (MHRRC) asked if staff has considered sources outside of the City and added that a bullet should be added to the strategic plan regarding. He further asked if banks have CRA credits that they need and might consider private investment. Chair Minas (HAC) indicated it is at an individual banks discretion.

Penny Vaughn, President of Chula Vista Mobilehome Residents Association and GSMOL representative – Ms. Vaughn expressed that she felt the maintenance of units was more relevant than age. She indicated that financing units is an issue these days and it is expensive to move units. She expressed that any CHIP program should have loan-to-value requirements and she felt an on-call appraiser could be utilized to assist with these efforts.

Chair Gonzalez and Member Johnson (MHRRC) expressed their interest in staff providing information on what incentives can be offered by the city to promote new development of mobilehome parks.

Staff Hines indicated that staff is not prepared to discuss incentives to promote new mobilehome park developments this evening, but clearly there is a desire to discuss this further at upcoming meetings.

6. STAFF REPORTS

None.

7. MEMBER'S COMMENTS

None.

8. ORAL COMMUNICATIONS

None.

9. ADJOURNMENT – HAC Meeting was adjourned at 8:00 p.m. due to lack of a quorum, when Member Uy departed, to the next regular meeting of July 24, 2013. MHRRC Meeting was adjourned at 8:03 p.m. when Member Johnson motioned to adjourn with a second from Member Torres, to the next regular meeting of July 18, 2013

Recorder, Stacey Kurz

Exhibit 1 – Wakeland's Proposed 240 Landis Avenue Development Staff Report

Exhibit 2 – 240 Landis Financing Presentation

Exhibit 3 – City Strategic Plan Presentation

Exhibit 4 – 2012 Housing Element Progress Presentation

The City of Chula Vista Development Services Housing Division
A REPORT TO THE
HOUSING ADVISORY COMMISSION

Item No. 2

Staff: Jose Dorado, Project Coordinator
Development Services Department, Housing Division

DATE: April 8, 2013

SUBJECT: 240 LANDIS - RECOMMENDATION OF APPROVAL TO THE HOUSING AUTHORITY AND THE CITY OF CHULA VISTA CITY COUNCIL TO CONDITIONALLY APPROVE AN AMOUNT NOT TO EXCEED \$2,000,000 FROM AVAILABLE HOUSING FUND BALANCE FOR THE FINANCING OF A PROPOSED MIXED USED RESIDENTIAL PROJECT AT 240 LANDIS

I. RECOMMENDATION

That the Housing Advisory Commission recommend APPROVAL to the Housing Authority and the City of Chula Vista City Council to conditionally approve up to \$2,000,000 from available housing fund balance for a proposed mixed use residential property at 240 Landis Avenue.

II. BACKGROUND

The City of Chula Vista has received a request from Wakeland Housing and Development Corporation ("Applicant") to consider financial assistance to support the construction of a mixed use development ("the Project") that includes 33-units of affordable rental housing at 240 Landis Avenue (Exhibit 1 - Locator Map).

The Applicant is preparing an application for an allocation of 9% tax credits from the California Debt Limit Allocation Committee (CDLAC) and is requesting that the Housing Authority and the City of Chula Vista to conditionally approve financial assistance in an amount not to exceed \$2,000,000. The 9% tax credit application must be submitted by June 2013. The tax credit contributions will be used to substantially finance the Project.

III. PROJECT DESCRIPTION

The Applicant

With over 5,000 units in its portfolio, Wakeland Housing and Development Corporation has significant experience in developing affordable rental housing. Wakeland's most recent development in Chula Vista was the award winning Los Vecinos project. Wakeland is well-qualified and has demonstrated a desire and commitment to partner with the City in the development of another affordable housing project. In reviewing their qualifications, Wakeland exceed the standards to successfully build this proposed mixed use project based on prior performance on City of Chula Vista projects.

The Property

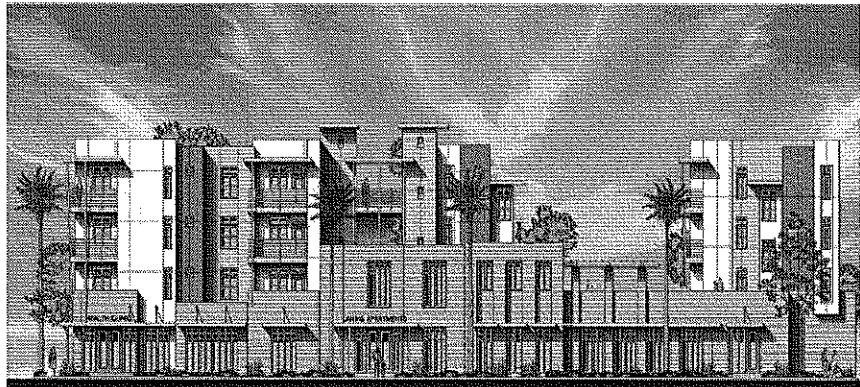
The site at 240 Landis is close to public transit and neighborhood services and facilities, including health facilities and commercial areas due to its close proximity to the Third Avenue Village. This mixed use residential complex will be located on a .5 acre site located on the northwest corner of Landis Avenue and Davidson Street in the V-3 (West Village) district of the Urban Core Specific Plan (UCSP). The site previously contained an office building which had been vacant since 2000 and had significant code enforcement issues due to transient activity. Approximately six years ago the vacant office building was destroyed in a fire leaving a concrete slab on the majority of the property which remains today.

In May 2009, the site was entitled for a mixed use medical office complex. However, due to the current economic conditions, the owner was unable sell the property for that use and the site remained on the market until 2012 when Family Health Centers purchased the property. Family Health Centers currently uses the only usable space on the western side of the property for staff parking for their medical offices located at the southeast corner of Landis Avenue and Davidson Street. The site is owned by Family Health Centers of San Diego and will be leased for a period of 60-years to Wakeland for the development.

The project will be affordable for 55-years and guarantees the availability of such housing and services for the long term.

The Proposal

The project is currently a blighted vacant parcel. To take advantage of tax credits, Wakeland will ground lease the land from Family Health Centers of San Diego and will create a new limited partnership that will acquire and construct the mixed use site using a loan, tax credits, and City financial assistance. A tax credit equity investor, as the Limited Partner, will be determined at a later point in time.



The proposed project consists of a the mixed use development that includes 33-rental units to be restricted to low income households and 1,383 square feet of office space and parking for Family Health Centers of San Diego.

Income and Rent Restrictions

For both the tax credit and affordable housing funding, units are required to be restricted and available for occupancy by persons or families whose income does not exceed 30 to 60 percent of the area median income (AMI) for the San Diego Primary Metropolitan Statistical Area. The most restrictive rent and income limits of the applicable funding source is applied for the Project for a period not less than fifty-five (55) years and ensures long term affordability. The income and rent

restrictions are to be incorporated into the Regulatory Agreement, which will be recorded against the property (Exhibit 2 –Income Limits and Rents).

Compliance with the income and rent restrictions will be subject annually to a regulatory audit and annual tax credit certification. Compliance with strict property management policies and procedures will ensure that income and rent restrictions will be maintained for the full 55-year compliance period.

IV. FINANCIAL ASSISTANCE

Form of Assistance

Financing and development of The Landis project is proposed as a joint private-public partnership. With rents restricted at the affordable levels for the 55-year time period, the net operating income is insufficient to support a loan large enough to cover all the project costs. Wakeland is proposing to obtain a first mortgage and apply for 9% Low Income Housing Tax Credit financing, to support the majority of the estimated \$12 million (\$361,247 per unit) cost of constructing the project (Exhibit 3 - Proforma).

These two financing mechanisms, brings approximately \$10 million to the project. To close the financing gap, Wakeland has requested direct financial assistance of \$2,000,000. The City's funds would be used to restrict all 33 units. This equates to a per unit subsidy of \$60,606.

Staff is recommending that the City conditionally approve financial assistance in an amount not to exceed \$2,000,000. There is currently approximately \$2,000,000 in unallocated Housing funds [Neighborhood Stabilization Program funds, Home Investment Partnership (HOME) funds, and Housing Authority funds]. The City is projected to receive \$500,000 in HOME funds in fiscal year 2013/2014. The leveraging of local dollars is necessary to obtain the critical 9% tax credits for the project. As proposed, the project would be able to leverage \$17 in private investment for each \$1 of our local resources. Financial assistance for the residential units will be subject to obtaining 9% tax credits, negotiation of satisfactory terms of the Regulatory Agreement and Loan Agreement and the approval of such terms and documents by the City Council at a later date.

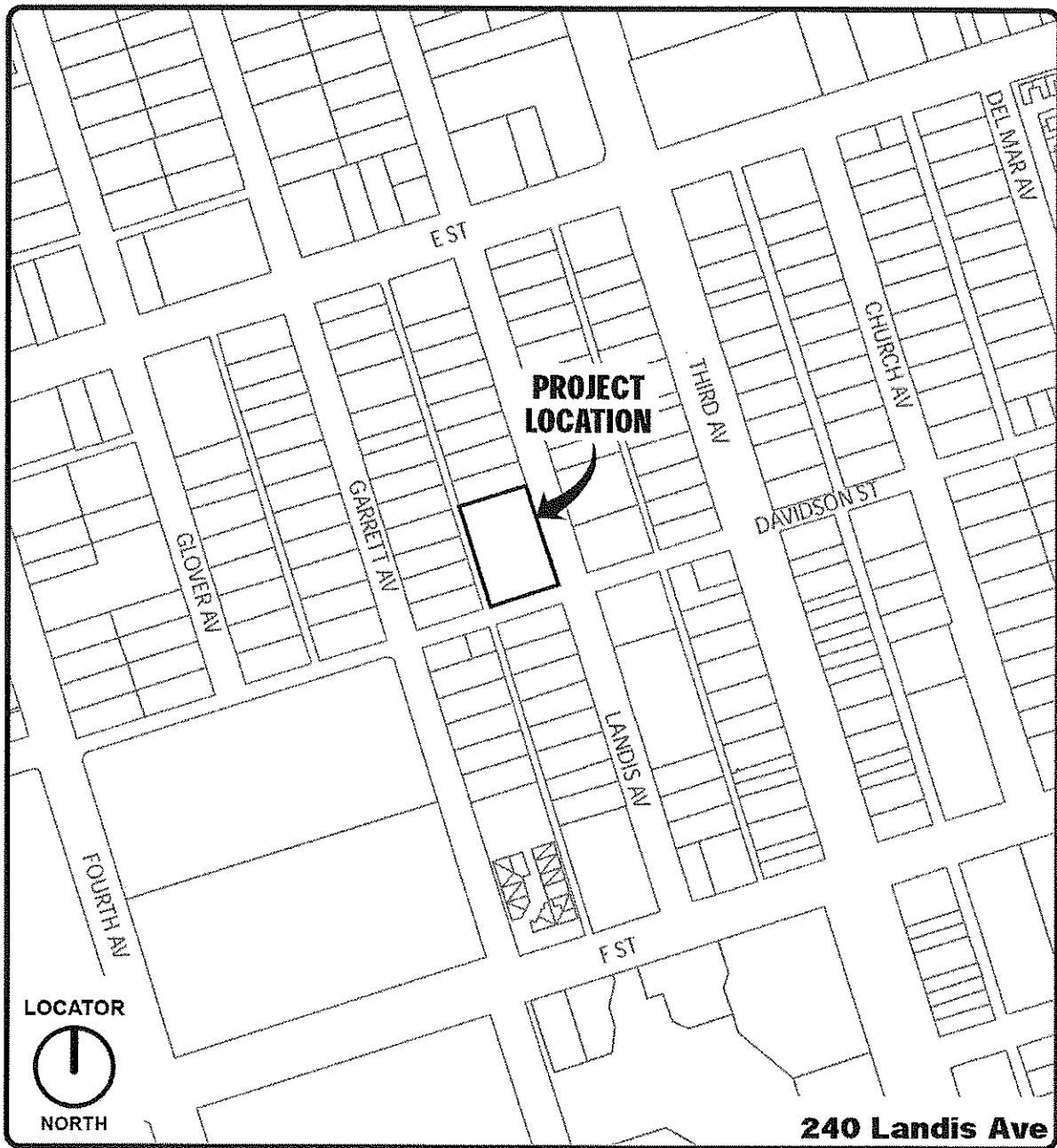
Article XXXIV:

Article XXXIV of the California Constitution (Article 34) requires that voter approval be obtained before any "state public body" develops, constructs or acquires a "low rent housing project". The City of Chula obtained voter approval on April 11, 1978 and subsequently on November 6, 2006 with the passage of Proposition C, which authorizes the development, construction and acquisition of housing for persons of low-income. With the addition of these 33-units, this leaves 1,585 units under the City's current authority to facilitate these activities.

V. Exhibits

1. Locator Map
2. Income Limits and Rents
3. Proforma

EXHIBIT 1: LOCATOR MAP



2013 San Diego Income Limits & Self Certification Form

Median Income: \$72,300

CDBG Income Limits and HOME Income Limits*

HOUSEHOLD (HH) SIZE		EXTREMELY LOW INCOME (30% AMI)	VERY LOW INCOME (50% AMI)	LOW INCOME (80% AMI)
	HH of 1:	\$ 16,950	\$ 28,250	\$ 45,150
	HH of 2:	\$ 19,400	\$ 32,250	\$ 51,600
	HH of 3:	\$ 21,800	\$ 36,300	\$ 58,050
	HH of 4:	\$ 24,200	\$ 40,300	\$ 64,500
	HH of 5:	\$ 26,150	\$ 43,550	\$ 69,700
	HH of 6:	\$ 28,100	\$ 46,750	\$ 74,850
	HH of 7:	\$ 30,050	\$ 50,000	\$ 80,000
	HH of 8:	\$ 31,950	\$ 53,200	\$ 85,150

*Home Program income limits effective March 15, 2013

Source:

<http://www.huduser.org/portal/datasets/il/il13/index.html>

<http://www.hud.gov/offices/cpd/affordablehousing/programs/home/limits/income/2013/>

2013 San Diego Income Limits & Self Certification Form

Median Income: \$75,900

State HCD Income Limits (Inclusionary Housing & Low Mod funded projects)

HOUSEHOLD (HH) SIZE		EXTREMELY LOW INCOME (30% AMI)	VERY LOW INCOME (50% AMI)	LOW INCOME (80% AMI)
	HH of 1:	\$ 17,350	\$ 28,900	\$ 46,250
	HH of 2:	\$ 19,850	\$ 33,050	\$ 52,900
	HH of 3:	\$ 22,300	\$ 37,150	\$ 59,500
	HH of 4:	\$ 24,800	\$ 41,300	\$ 66,100
	HH of 5:	\$ 26,800	\$ 44,660	\$ 71,400
	HH of 6:	\$ 28,750	\$ 47,900	\$ 76,700
	HH of 7:	\$ 30,750	\$ 51,200	\$ 81,950
	HH of 8:	\$ 32,750	\$ 54,500	\$ 87,250

Source: State HCD Memo Dated February 25, 2013

Development Proposed Rent Schedule

[illegible]

EXHIBIT 3: PROFORMA

240 Landis

[illegible]

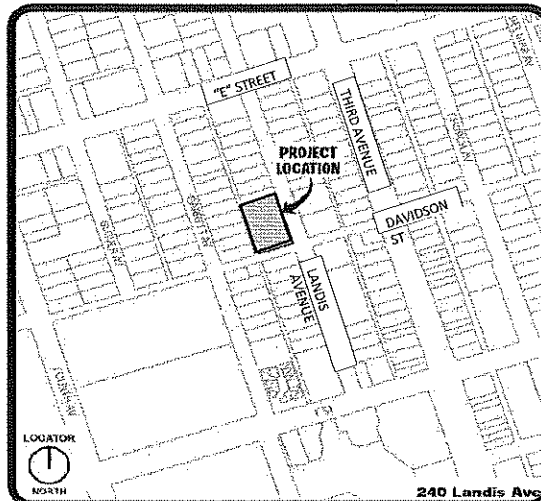
Affordable Housing Application

240 Landis Avenue

Presented by:
José Dorado, Project Coordinator



Project Location



Project Site

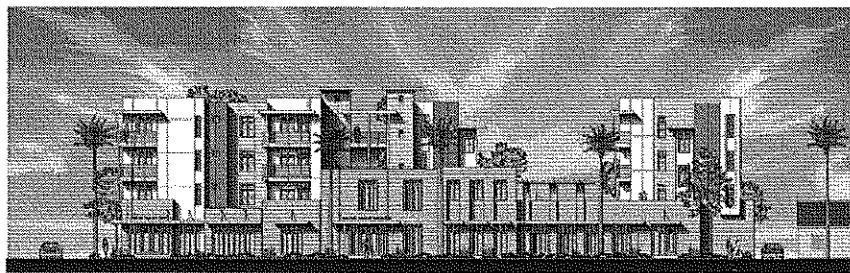


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HOUSING DIVISION

Project Proposal



RENDERING BY: HEALTH PLANS DESIGN INC. ARCHITECT: KIMBERLY KIM DESIGN GROUP INTERIOR: KIMBERLY KIM DESIGN GROUP LANDSCAPE: KIMBERLY KIM DESIGN GROUP

LANDIS AVENUE ELEVATION

- Underground and Ground level Parking
- 33-Units -6 1-bedroom , 12-2 bedroom, 15-3 bedroom
- Community Space
- Health Center Offices



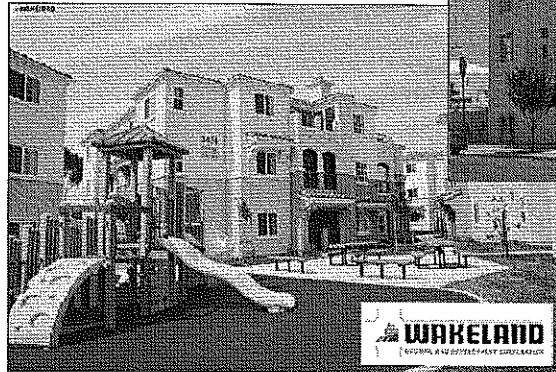
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HOUSING DIVISION

Project Developer

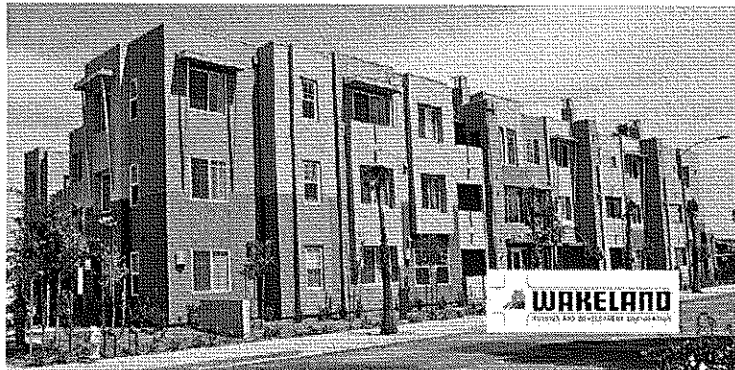
Wakeland Housing and
Development Corporation



*Over 5,000 Units
Developed, Acquired and
Rehabilitation in
California*

Project Developer

Wakeland Housing and
Development Corporation



Los Vecinos – 1501 Broadway

Benefits of the Project

- Leveraging City Assistance (\$2,000,000 to \$11,921,141 of Total Project Costs)
- 33 multi-family affordable rental units
- Consistent with Housing Element and HUD approved Consolidated Plan and Objectives
- Removes a blighted site and replaces it with a mixed use project
- Community Revitalization
- Community Center

Recommend funding up to \$2M

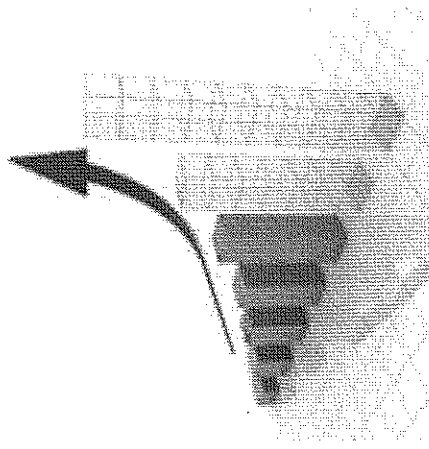
Available Fund Balance	
Housing Authority	\$500,000
HOME Federal Grant Program	\$1,500,000
Neighborhood Stabilization Grant Program	\$500,000
Total Subsidy	\$2,000,000

Questions/Comments





Draft Citywide Strategic Plan



FY2014 Draft



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Citywide Strategic Plan

"If you don't know where you are going, any road will get you there..."

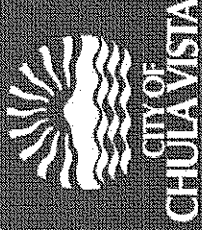
– Alice in Wonderland

"People often complain about lack of time when the lack of direction is the real problem."

- Zig Ziglar

"I skate to where I think the puck will be."

– Wayne Gretzky



Why Formal Strategic Planning?

- Key Part of Continuous Improvement Strategy for City (Policy Deployment)
- Identifies and helps employees focus on shared goals
- Communicates those goals to all leaders, employees, and public (shared vision)
- Integrates and encourages cross-functional cooperation
- Holds participants accountable for achieving their part of plan
- Plans are carefully monitored – allows for a response to irregularities



One Component in Resource Allocation

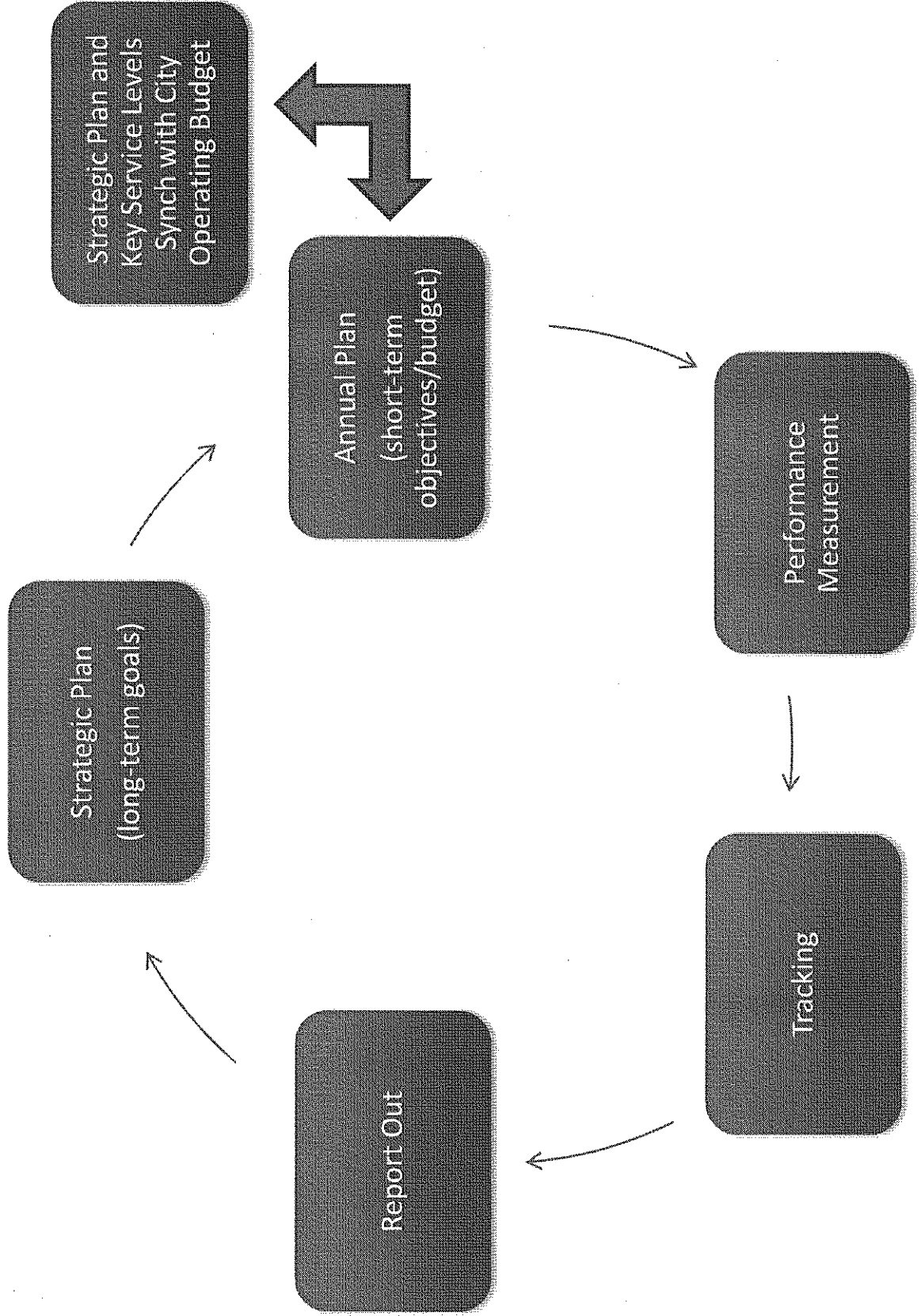
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- The Strategic Plan does not address all customary functions of our operations
- The City of Chula Vista still conducts many other activities
- The Strategic Plan gives additional, strategic direction by identifying activities to accomplish clear goals



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Strategic Planning Process



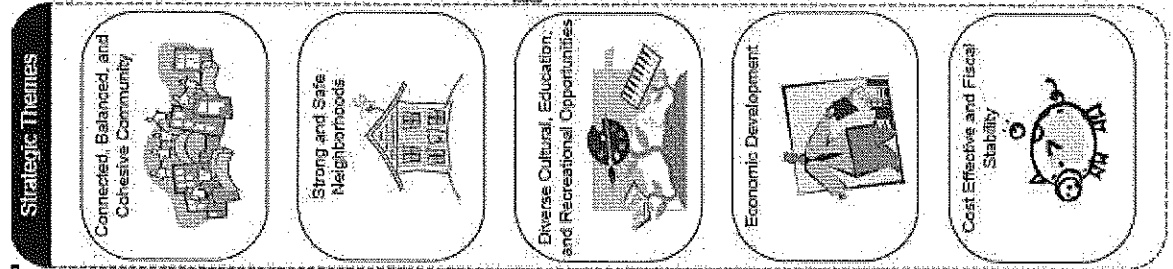


How did we get here?

- Cross departmental subcommittee
- Reviewed other successful public agency strategic planning processes
- Developed a conceptual process appropriate for Chula Vista
- Analysis of past policy statements and opportunities for future



Putting it all together...



Looked at existing policy documents to confirm common goals

Council Workshop ~ Part II
City of Chula Vista
Heritage Recreation Center
November 29, 2011

Workshop Summary

Groundrules

Agreed-Upon Major City Strategies and Next Step

- Revenue Generation
 - Possible goals under this strategy:
 - E.g., Develop City Image/Brand
 - E.g., Bayfront (needs more specificity as a goal)

2. Revenue Retention

- Possible goals under this strategy:
 - E.g., Work with businesses to help them find ways to invest/strengthen their business presence in Chula Vista (something related to this—needs more specificity as a goal)

2. Revenue Retention

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 - E.g., Work with businesses to help them find ways to invest/strengthen their business presence in Chula Vista (something related to this—needs more specificity as a goal)

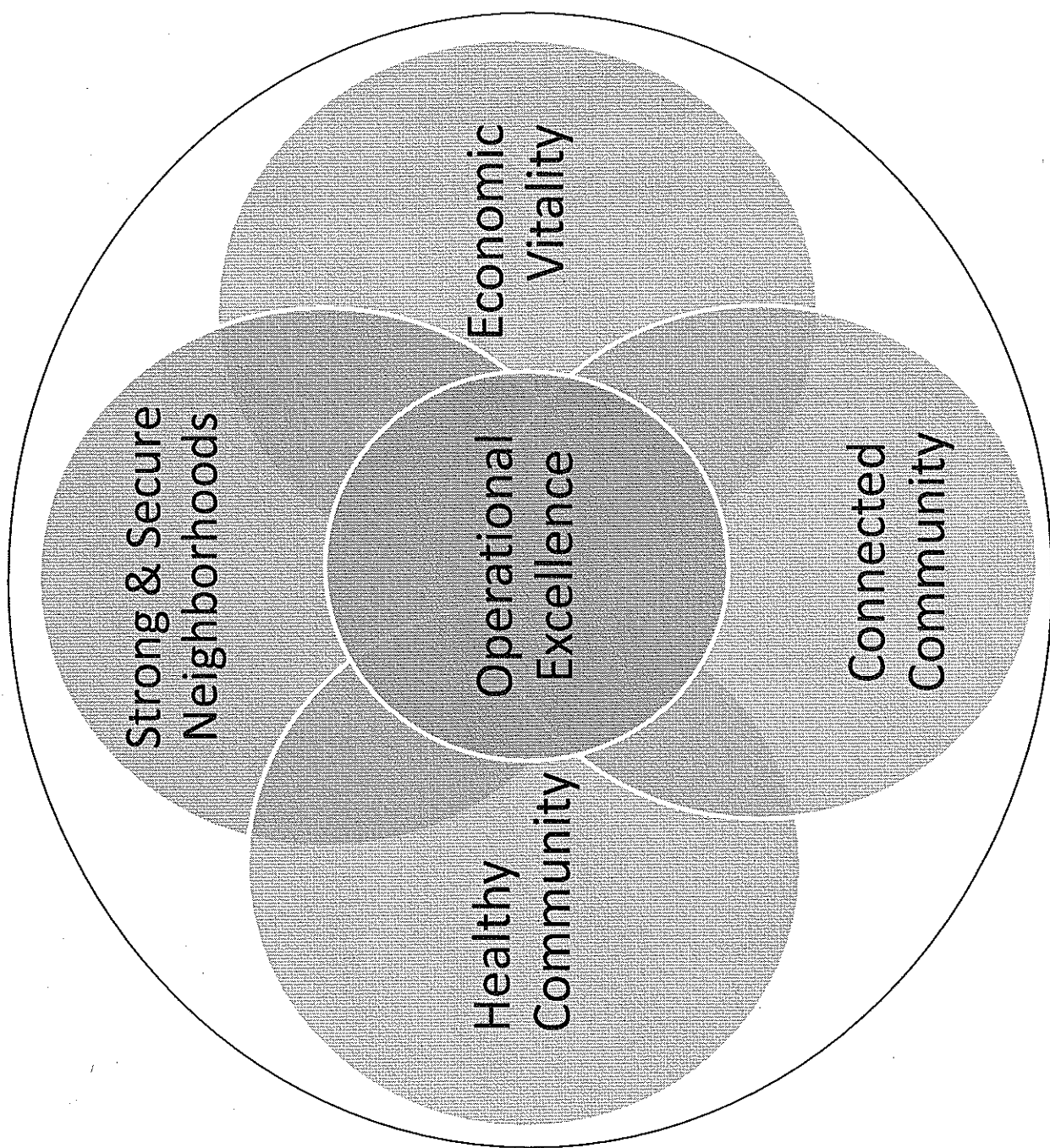
Next Steps: Convene a Council workshop to explore and create goals for Revenue Generation and Retention. Aim to schedule this as soon as possible. Goals should be the critical few most powerful means of having an impact on the strategies. They should address the core weaknesses and threats (hopefully, taking advantage of the strengths and opportunities) of the SWOT analysis.

Bin List – for future discussion/consideration

- Economic Development SAT

Department Head Strategic Goals

- Sustainable Development
- Clean, Green, Healthy Environment
- Quality Cultural, Educational and Recreational Opportunities
- Good Government
- Infrastructure, Public Buildings and Other Assets
- Public Safety
- Fiscal responsibility
- Economic Vitality
- Community



Quality of Life



Citywide Strategic Plan Structure

Mission

Quality of Life

Citywide Goal

Operational Excellence

Citywide Strategies

Fiscal Health

Continuously Improve

Positive Experience

Citywide Initiatives

Continuous Improvement

Info Tech Systems

Quality Employees

Citywide Objectives

Performance Measurement

Conduct CI Events

DSD Process Streamlining

Department Tasks

Launch Citywide Performance Measurement System

Individual Tasks

Oversee Sharepoint Implementation



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Citywide Strategic Goals

Mission:

Quality of
Life

Citywide Goals:

Operational Excellence

Collaborate with Residents and businesses to provide responsible and responsible public service by implementing **effective and efficient operations.**

Economic Vitality

Strengthen and diversify the City's economy by supporting and advancing existing businesses; targeting and attracting new businesses; promoting balanced land use decisions; and engaging the community to reinvest in the city.

Healthy Community

Protect resources and environmental health for both current residents and future generations. Foster the health of our **physical environment** through balanced, connected and sustainable land uses.

Strong & Secure Neighborhoods

Create and maintain **safe and appealing neighborhoods** where people choose to shop, work, play and stay.

Connected Community

Promote diverse opportunities that **connect community and foster civic pride** through comprehensive communication strategies, and cultural, educational & recreational programming.



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Citywide Strategies

Operational Excellence

Fiscal Health

Continuously
Improve

Positive
Experience

Economic Vitality

Strong
Vibrant City

Prosperous
Environment

Healthy Community

Environment
Fosters Health
& Wellness

Restore &
Protect
Natural
Resources

Assets &
Facilities

Strong & Secure Neighborhoods

Public
Infrastructure
Maintenance

Crime
Prevention &
Emergency
Prep

Response &
Recovery

Connected Community

Civic
Engagement

Enrichment
programming

Goal

Operational
Excellence

Strategies

Fiscal Health

Continuously
Improve

Positive Experience

Initiatives

Fiscal Recovery &
Progress Plan

Continuous
Improvement

Info Tech Systems

Quality Employees

Open & Ethical Gov't

Quality Customer
Service





Goal

Economic
Vitality

Strategies

Strong Vibrant
City

Prosperous
Residents &
Businesses

Initiatives

Bayfront
Master Plan

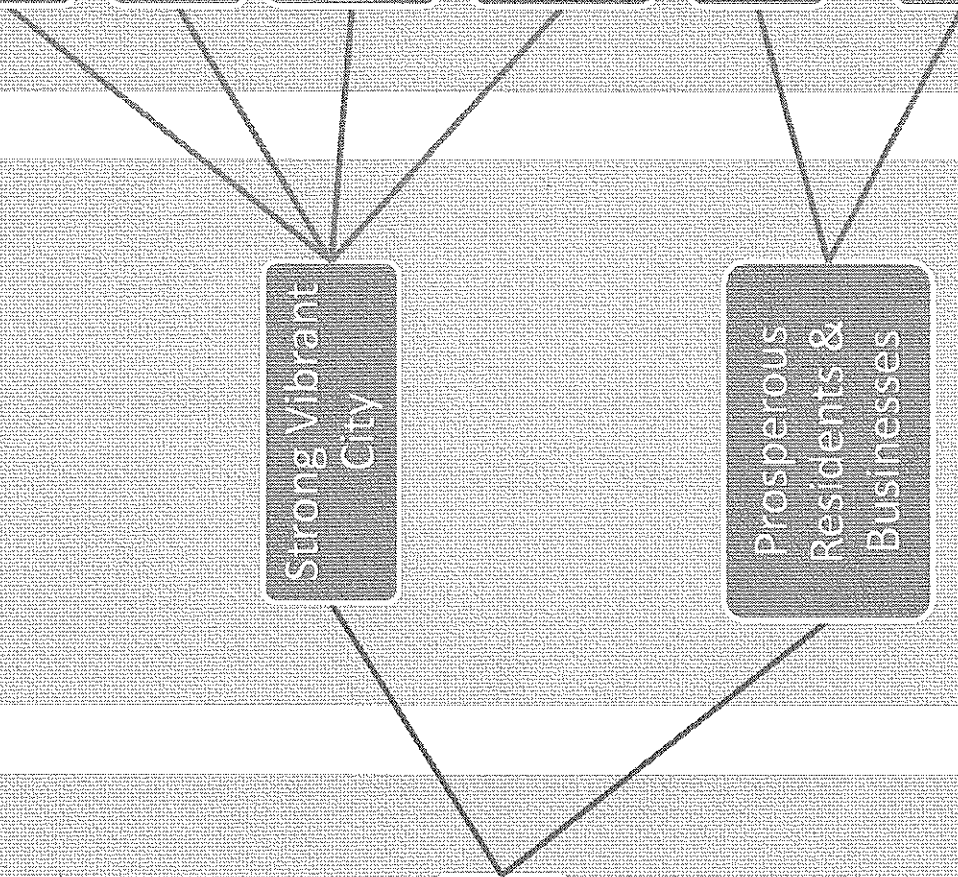
Western CV
Development

Quality master-
planned
communities

University
Center

Existing
Businesses

New
Businesses





Goal

Healthy Community

Strategies

Environment Fosters
Health & Wellness

Restore & Protect
Natural Resources

Assets & Facilities

Initiatives

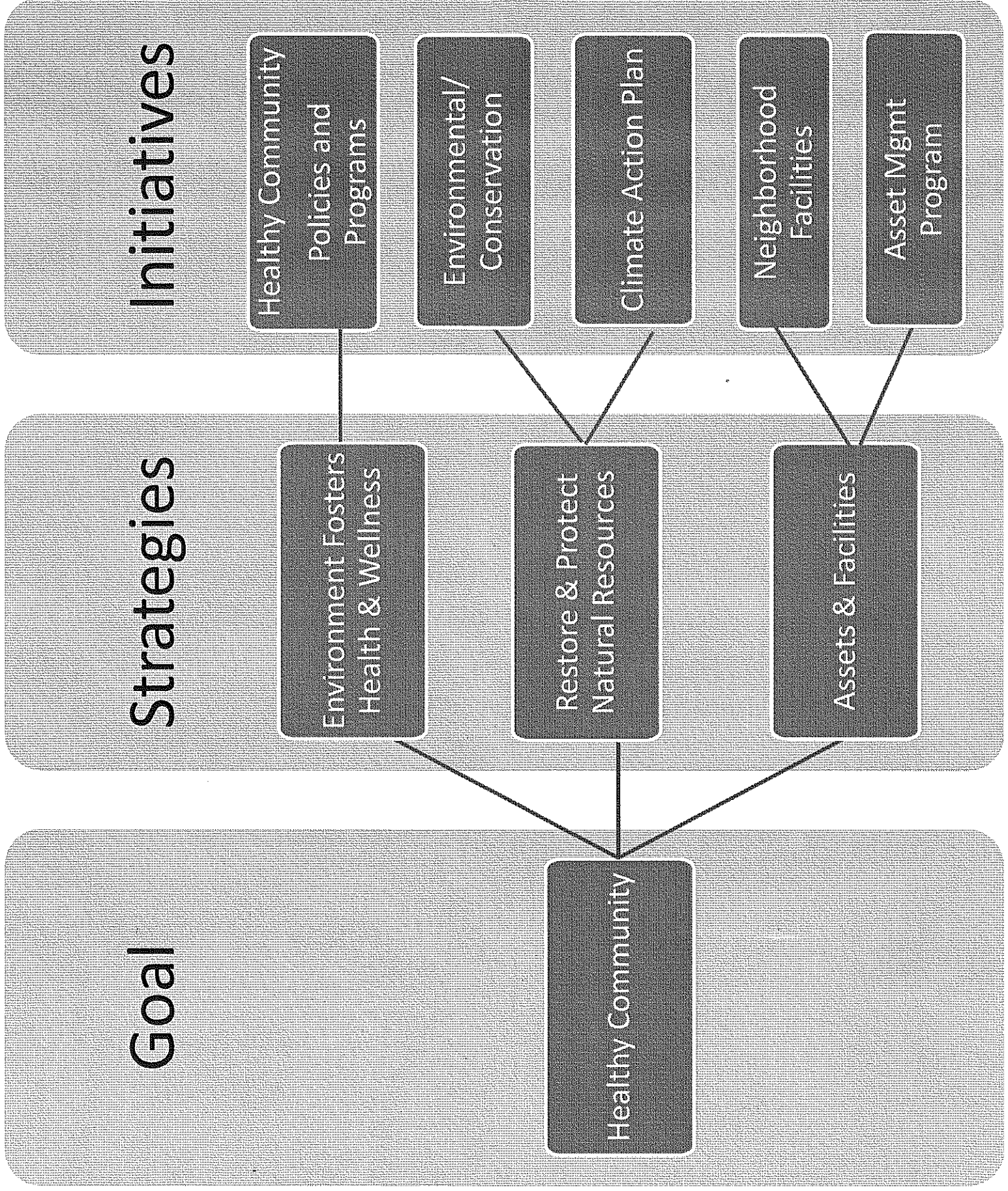
Healthy Community
Policies and
Programs

Environmental/
Conservation

Climate Action Plan

Neighborhood
Facilities

Asset Mgmt
Program



Goal

Strong & Secure
Neighborhoods

Strategies

Public Infrastructure
Maintenance

Crime Prevention &
Emergency Prep

Response &
Recovery

Initiatives

Asset Mgmt Program

Plan Review &
Inspection

Emergency Mgmt
Program

Analysis Led Policing

Perception of Safety

Education &
Engagement

Advanced Life
Support

Police Public Safety



Goal

Connected
Community

Strategies

Civic Engagement

Enrichment
Programming

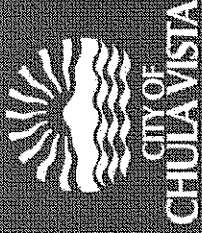
Initiatives

Marketing &
Communications

Community
Engagement

Responsive Services/
Programs





Next Steps

- Public Presentation to Commissions (Jan.-Feb.)
- Presentation to City Council (Feb.)
- Departments align goals/objectives with Citywide goals/objectives (Feb.-March)
- Final Strategic Plan presented in coordination with FY14 Budget (April)



Conclusion

- Questions?
- For more detailed information, please contact:
 - [Ed Chew echew@chulavistaca.gov](mailto:EdChew@chulavistaca.gov) /691-5013, or
 - Mandy Mills amills@chulavistaca.gov /409-5948

**Goal 1:
Operational Excellence**

**Strategy 1.1:
Uphold a
commitment to
Fiscal Health**

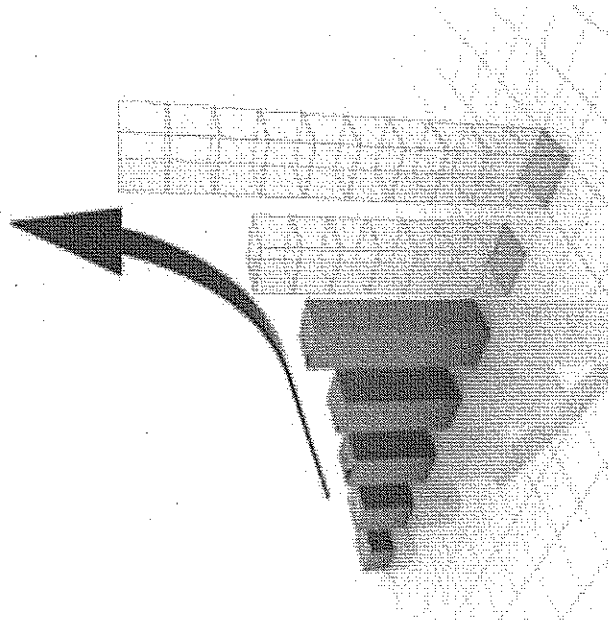
- Initiative 1.1.1. Implement Fiscal Recovery and Progress Plan



Goal 1: Operational Excellence

Strategy 1.2.
Excel in service
delivery by
continuously
improving

- Initiative 1.2.1. Implement Continuous Improvement efforts throughout the organization
- Initiative 1.2.2. Leverage new and emerging technology to provide efficient, effective and secure Information Technology solutions
- Initiative 1.2.3. Retain and attract quality employees



Goal 1: Operational Excellence

Strategy 1.3.
Ensure interaction
with the City is a
positive
experience

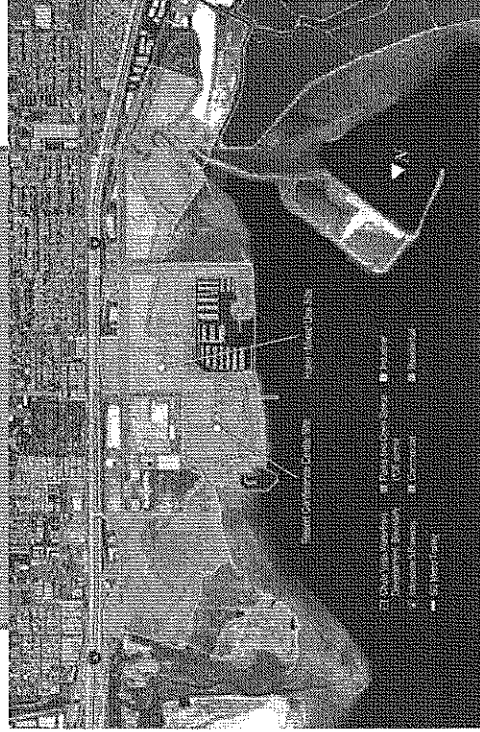
- Initiative 1.3.1. Foster public trust through an open and ethical government
- Initiative 1.3.2. Provide quality customer service



Goal 2: Economic Vitality

Strategy 2.1.
Provide policies,
planning,
infrastructure,
and services that
are fundamental
to an
economically
strong, vibrant
City

- Initiative 2.1.1. Implement the Bayfront Master Plan
- Initiative 2.1.2. Foster opportunities for investment in Western Chula Vista
- Initiative 2.1.3. Promote and support development of quality master-planned communities
- Initiative 2.1.4. Plan and implement the University Park and Research Center

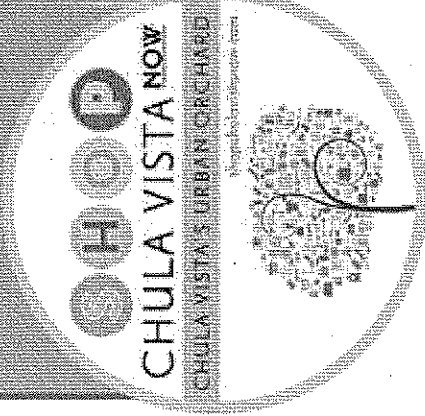


Goal 2:

Economic Vitality

Strategy 2.2.
Promote an
environment for
residents and
businesses to
prosper

- Initiative 2.2.1. Implement strategies that build prosperity and quality employment opportunities for existing businesses
- Initiative 2.2.2. Identify and recruit complementary businesses that provide quality employment and expand the goods and services available to residents



Goal 3: Healthy Community

Strategy 3.1.
Support an
environment that
fosters health and
wellness

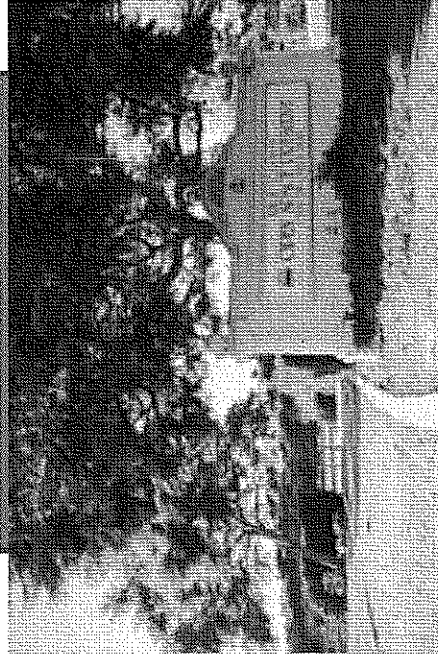
- Initiative 3.1.1. Implement policies and programs that support a healthy community



Goal 3: Healthy Community

**Strategy 3.2.
Develop and
implement
strategies and
programs that
restore and
protect natural
resources and
promote
sustainability**

- Initiative 3.2.1. Design and implement innovative environmental/conservation programs
- Initiative 3.2.2. Update and implement Climate Action Plan-Mitigation & Adaptation



Goal 3: Healthy Community

Strategy 3.3.
Provide parks,
open spaces,
outdoor
experiences,
libraries and
recreational
opportunities that
residents can
enjoy

- Initiative 3.3.1. Plan, construct, maintain and operate community and neighborhood facilities
- Initiative 3.3.2. Preserve and restore City infrastructure through the Asset Management Program (AMP)

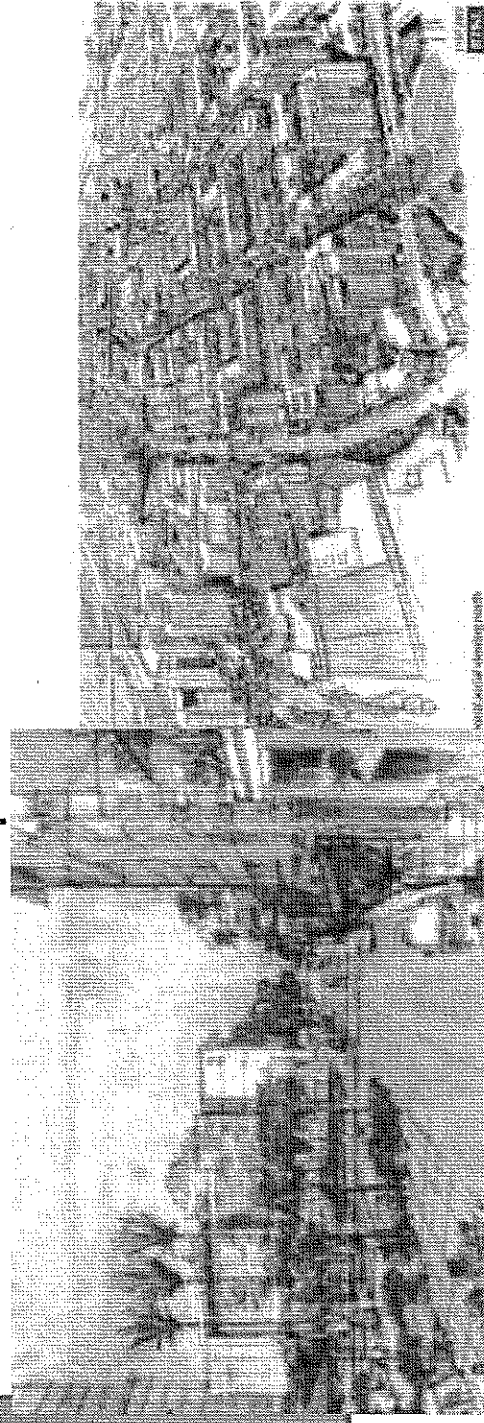


Goal 4:

Strong and Secure Neighborhoods

Strategy 4.1.
Ensure a sustainable and well maintained infrastructure to provide safe and appealing communities to live, work and play

- Initiative 4.1.1. Preserve and restore City Infrastructure through the Asset Management Program (AMP)
- Initiative 4.1.2. Provide comprehensive plan review and inspection services to ensure safety and code compliance

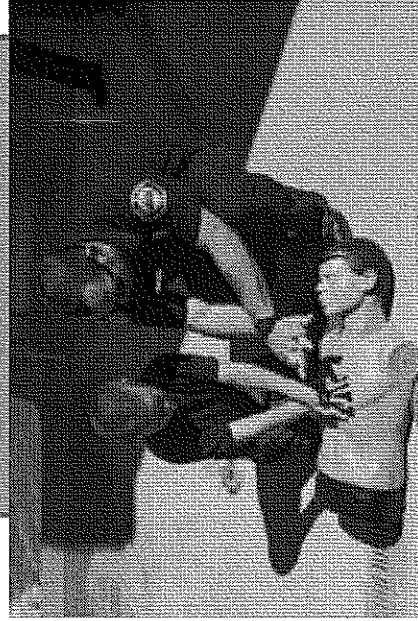


Goal 4:

Strong and Secure Neighborhoods

Strategy 4.2.
Enhance
prevention efforts
and prepare
communities for
natural disasters
and other
emergencies

- Initiative 4.2.1. Maintain a responsive Emergency Management Program
- Initiative 4.2.2. Continue and enhance analysis led policing
- Initiative 4.2.3. Increase the public's perception of safety
- Initiative 4.2.4. Promote safety & readiness through community education and engagement



Goal 4:

Strong and Secure Neighborhoods

Strategy 4.3.

**Ensure adequate
emergency
response and post
emergency
recovery services
to our community**

- Initiative 4.3.1. Provide and support an efficient and effective Advanced Life Support system
- Initiative 4.3.2. Restore and enhance public safety service capacity



Goal 5: Connected Community

**Strategy 5.1.
Encourage
residents to
engage in civic
activities**



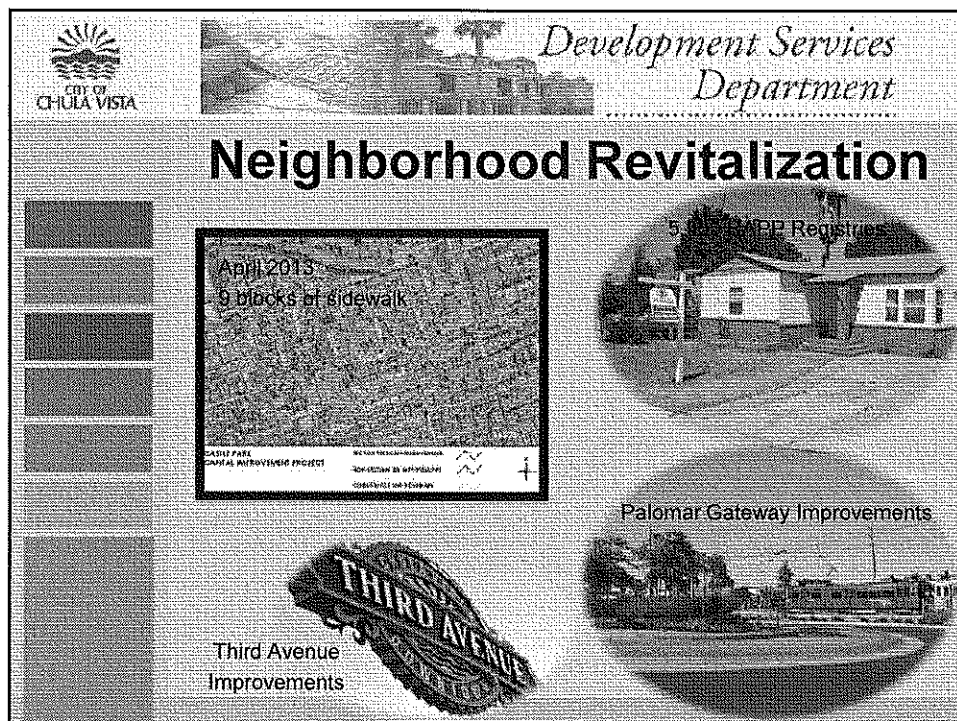
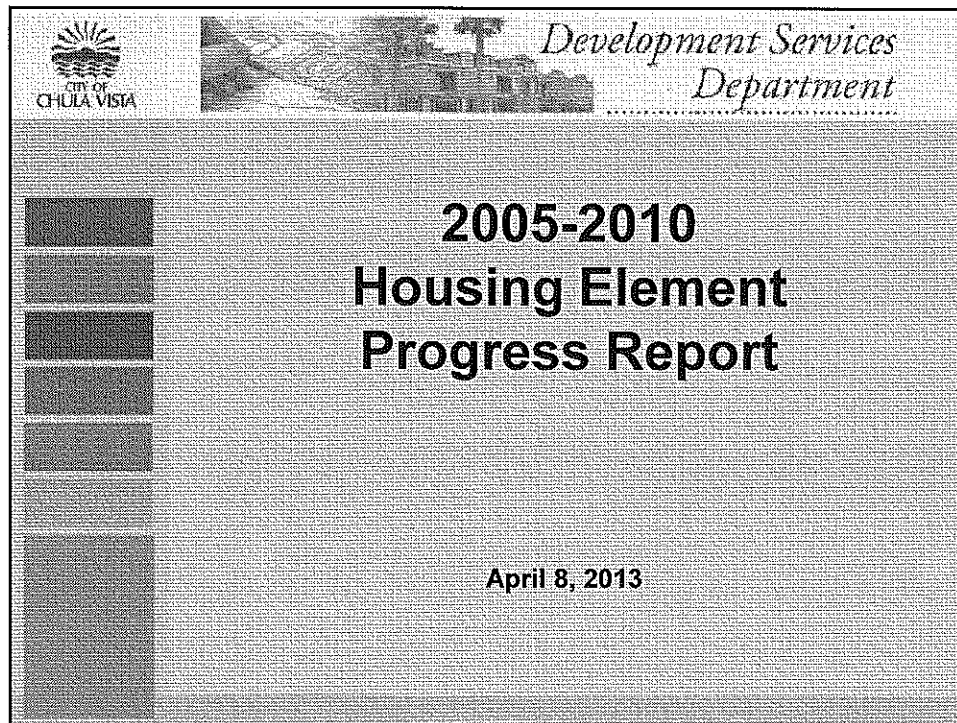
- Initiative 5.1.1. Implement Marketing and Communications Program
- Initiative 5.1.2. Foster an environment of community engagement

Goal 5: Connected Community

Strategy 5.2.
Provide
opportunities that
enrich the
community's
quality of life

- Initiative 5.2.1. Provide services/ programs responsive to residents' priorities



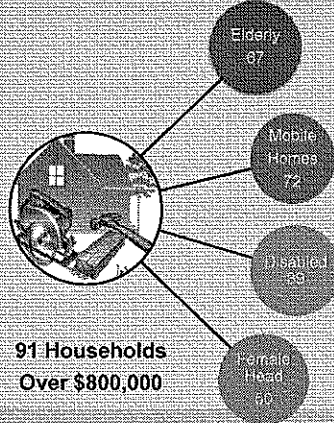




*Development Services
Department*

Maintaining Housing Stock

Community Housing Improvement Program
(CHIP)



Multi-Family Inspections
6,231 units / 1,172 complexes



*Development Services
Department*

Maintaining Housing Stock

Palace Gardens completed 2012



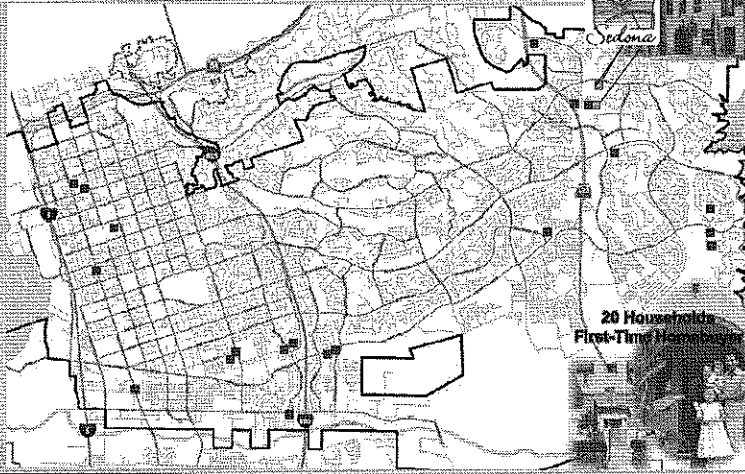
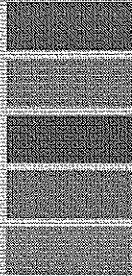
Mobilehome/Trailer (Title 25)
2,567 units / 20 parks



*Development Services
Department*

Affordable Homeownership

12 West / 290 East

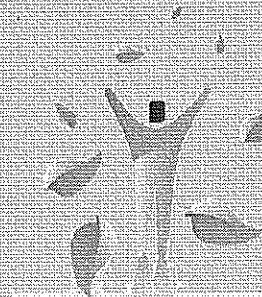


*Development Services
Department*

Conservation Measures



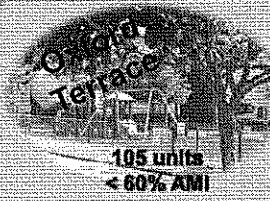
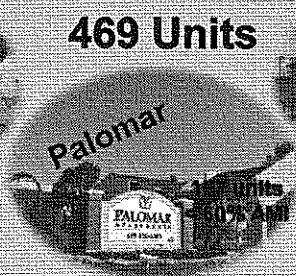
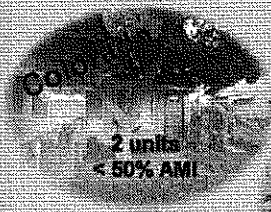
- Citywide Green Building Standards
 - 20% potable water reduction = 540 buildings
 - Exceeded 15-20% higher energy efficiency standards = 540 buildings
- Water Conservation
 - "20" Gallon Challenge
 - NatureScape
- Sustainable Communities Program
 - Staff training for LEED & Build It Green





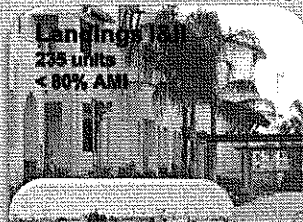
Development Services
Department

Affordable Rental Housing Acquisition & Rehabilitation

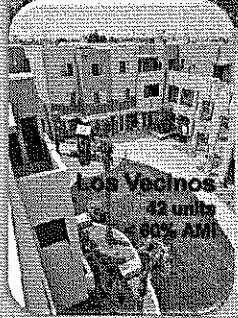
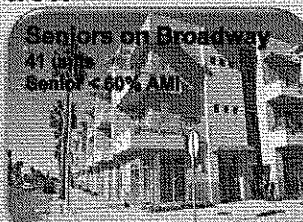


Development Services
Department

Affordable Rental Housing New Construction



406 East
94 West



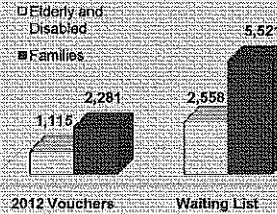


Rental Assistance

City Based Rental Assistance



\$1.23M / 71 Households



Section 8 Housing Choice Vouchers



Federal Funding

- Funding reductions & future uncertainty
 - Funding reductions
 - HOME 50% (in 2012)
 - Preservation & production of housing
 - CDBG 25% (since 2009)
 - Public Services
 - Capital Improvements
 - Programs
 - Redevelopment eliminated
 - Focus on creating sustainable programs/housing opportunities



*Development Services
Department*

CHIP - Current Program

- 80% of CHIP participants were Mobilehome owners
- \$15,000 maximum in rehabilitation assistance
 - < 50% AMI
 - \$8,500 0%, 5 year forgivable
 - \$6,500 0% deferred loan
 - 50-80% AMI
 - Standard 3% loan



*Development Services
Department*

Mobilehome Community Issues

- Desire to preserve MHP zones
- Aging housing stock
- Loan to Value ratios
- Securing City's investment

The City of Chula Vista Development Services Housing Division
A REPORT TO THE
HOUSING ADVISORY COMMISSION

Item No. 2

Staff: Jose Dorado, Project Coordinator
Development Services Department, Housing Division

DATE: July 24, 2013

SUBJECT: Council Policy 453-02 - RECOMMENDATION OF APPROVAL TO THE CITY OF CHULA VISTA CITY COUNCIL AN UPDATE TO COUNCIL POLICY 453-02 RELATED TO THE DEVELOPMENT OF AFFORDABLE FOR-SALE HOUSING FOR LOW AND MODERATE INCOME BUYERS

I. RECOMMENDATION

That the Housing Advisory Commission recommend APPROVAL to the City of Chula Vista City Council an update to the City of Chula Vista's Affordable For-Sale Housing Policy 453-02 that was originally adopted on December 9, 2003 and last updated September 13, 2005.

II. BACKGROUND

The Affordable For-Sale Housing City Council Policy 453-02 (the "Policy") was adopted in 2003 to provide procedures and guidelines for Developers proposing to construct affordable for-sale housing opportunities within the City. The policy outlines mechanisms to ensure affordability of the sales price, sharing of sale proceeds to continue to promote affordable homeownership programs, loan qualification, and selection of qualified buyers. To date, 32 units within Sedona at Rolling Hills Ranch and 67 units at Mar Brisa at San Miguel Ranch have been developed utilizing this Policy.

Since the last amendment to the Policy in 2005, there have been drastic changes in the housing market, including a steep decline in U.S. home values and underwriting changes in the lending industry. In addition, with the elimination of State Redevelopment and the associated governing laws, some of the restrictions in the original Policy are no longer necessary or consistent with industry standards. Given the changes, revisions to the Policy are needed to ensure its continuing effectiveness for existing and future first time homeowners.

Staff is proposing revisions that will allow greater flexibility to those beneficiaries of the City's For-Sale Housing Program and to encourage long term homeownership. Such revisions include restructuring of the equity share between the City and homeowner, a reduction in the length of term of the Silent Second loan, underwriting criteria and procedures for a short sales and cases of hardship. In addition, clean up revisions are proposed to provide flexibility which include the applicability of the policy to moderate for-sale products and elimination of examples and language that may change over time and become obsolete. The proposed revisions are consistent with mortgage industry standards and are in line with program policies, at the federal and state level, that

July 26, 2013

Update to Council Policy 453-02

Page 2

have been adopted for those experiencing a hardship and facing foreclosure, such as Keep Your Home California and the Home Affordable Refinance Program (HARP).

Recommended Substantive Revisions to the Policy

Loan Term and Equity Share

The Policy requires the repayment of the Silent Second loan principal upon sale, transfer, refinance, rental or change of title on the property. Staff proposes reducing the shared equity term from the current Policy of 45 years, required under previous State Redevelopment law, to 15 years to coincide with more typical homeownership trends and the City's First Time Homebuyer Program. Proposed Table 1 of the Council Policy is revised to reflect equity share percentages between the City and the Homeowner based on the revised maximum length of the time (15 years) the Homeowner has occupied the property. Should a homeowner sell within one year, the City retains 100% of the equity in the property, minus the homeowner's expenses. The City's share of equity declines each year until year 15.

Underwriting Criteria

Staff has proposed updates to underwriting criteria to be consistent with the City's First Time Homebuyer Program and current industry underwriting standards to ensure qualified applicants are being selected for the program that will be able to sustain homeownership. Language is included to limit the use of funds gifted to the buyer.

Short Sale and Hardship

At the time of the adoption and the subsequent amendment to the Policy, home prices reached unprecedented double digit increases and the Policy did not reflect any potential decline in market conditions. With the significant downturn in the housing market in recent years, where home mortgages are significantly higher than market value, many homeowners are choosing to short sell or allow the property to enter into a default status. Given the existing policy term of 45 years and upside down mortgages, homeowners are provided with little incentive to maintain homeownership at the existing terms or to refinance.

Staff has proposed new language to recognize short sales and financial hardships. Prior to a short sale, homeowners will be required to seek homeownership counseling. Additionally, the Development Services Director will have the ability to review existing loan documents and approve loan principal reductions in a downturned economy for homeowners in good standing and seeking refinancing to more favorable terms. The proposed language will allow for coordination with Federal, and State foreclosure prevention programs, as previously mentioned.

Applicability to Existing Balanced Communities ("Inclusionary Housing") Projects

Since 2003, two developments have utilized the Policy, Sedona in Rolling Hills Ranch and Mar Brisa in San Miguel Ranch. Both projects provided affordable units through the City's Balanced Communities Policy. The City is currently working with Fannie Mae, Wells Fargo, and other parties involved in the first mortgages of these properties to address concerns regarding loan modifications and refinances. The update of the Policy will provide the Development Services Director the ability

to review the City's Silent Second loan documents and appropriately apply the Policy as necessary to allow these homeowners an opportunity to seek more favorable financing terms and maintain homeownership.

Moderate Income Buyers

The original Policy did not have provisions for moderate-income buyers. The proposed Policy would apply the underwriting criteria and terms as low-income buyers and coincide with the approved pricing guidelines as set forth in the City's Balanced Communities Policy Guidelines.

Recommended Clean Up Revisions to the Policy

Purpose

The Housing Element of the General Plan is updated every seven years. Therefore, goals and policies of the Housing Element are subject to change as housing needs may change over time. The revisions include the strikeout of the specific goals of the 1999-2020 Housing Element and replacement with language that states a general goal of providing for varied housing opportunities for the diverse needs of the community.

Examples

The existing Policy provides specific examples (reference struck out Tables 1-3 in Attachment 1) for loan assumptions, calculation of sales prices, and the Silent Second loan calculation. Additionally, County of San Diego Income Limits for 2005 and Housing Pricing based on these income limits serve as Attachments to the Policy. The examples and the Attachments are based on point in time information and subject to change over time and based on market conditions. Therefore, the examples and Attachments to the Policy are being deleted.

CONCLUSION

The Policy revisions promote long term affordability and encourage Chula Vista's working families to take advantage of opportunities for quality housing consistent with City housing goals. Without such changes, staff anticipates it will be difficult to find future buyers of for-sale products under this Policy due to excessive restrictions of the current language and additional defaults may occur with the existing complexes implemented under the Policy.

III. Exhibits

1. Updated Council Policy 453-02

EXHIBIT 1 – Updated Council Policy 453-02

COUNCIL POLICY CITY OF CHULA VISTA			
SUBJECT: DEVELOPMENT OF AFFORDABLE FOR SALE HOUSING FOR LOW- AND MODERATE- INCOME BUYERS	POLICY NUMBER	EFFECTIVE DATE	PAGE
	453-02	12-09-03	1 of 7
ADOPTED BY: Resolution No. 2003-492		DATED: 12-09-03	
AMENDED BY: Resolution No. 2005-314, 9-13-05 and 2013- , 7-16-13			

PURPOSE

The Housing Element of the City's General Plan (1999-2004~~2013-2020~~) establishes goals and policies for the City to address a number of important housing related issues. The One of the focus areas primary goal is to ensure the city supports varied housing opportunities that decent, safe housing is available at an affordable cost. Objective 3 is to broaden the available housing types and increase home ownership opportunities for low and moderate income households. Goal 3 is to "ensure that an adequate and diverse housing supply is available to meet the city's existing and future needs". In addition Goal 4 is to "increase home ownership opportunities for low and moderate income households". To implement these goals, Policy 3.1, the Affordable Housing Program, requires residential development projects consisting of 50 units or more to restrict a minimum of ten (10) percent of the units for occupancy by and affordable to low and moderate income households, with at least 5% of the units for low income residents and 5% for moderate income residents. In addition to the development of affordable for sale housing opportunities through the City's Inclusionary Housing Program, this policy also pertains to any other for-sale development proposed to have affordable units within the City for the diverse needs of residents including the establishment of permanent affordable housing opportunities for low- and moderate- income households.

This Policy establishes the procedures and guidelines for the development of affordable for sale housing for first-time low- and moderate- income buyers, defined as households : First-time homebuyer shall be defined as an individual whom has have not had ownership interest in any property within three years from the date of application and are earning : Low income homebuyer shall be defined as an individual earning no more than 80% and 120%, respectively, of the Area Median Income ("AMI"). The Area Median Income (AMI), based upon household size, is determined annually by the U.S. Department of Housing and Urban Development (Attachment 1). This policy will outlines the development guidelines, program requirements including underwriting criteria and the buyer selection criteria that shall pertain to any for-sale development proposed to have affordable units within the City and not otherwise regulated by other funding sources, inclusive of the City's Balanced Communities ("Inclusionary") Policy.

COUNCIL POLICY CITY OF CHULA VISTA			
SUBJECT: DEVELOPMENT OF AFFORDABLE FOR SALE HOUSING FOR LOW- AND MODERATE- INCOME BUYERS	POLICY NUMBER	EFFECTIVE DATE	PAGE
	453-02	12-09-03	11 of 7
ADOPTED BY: Resolution No. 2003-492		DATED: 12-09-03	
AMENDED BY: Resolution No. 2005-314, 9-13-05 and 2013- , 7-16-13			

The Inclusionary policy requires residential development projects consisting of 50 units or more to restrict a minimum of ten percent (10%) of the units for occupancy by and affordable to low- and moderate- income households, with a minimum of 5% of the units for low-income residents. Any Developer wishing to satisfy their affordable housing obligation through the development of affordable for-sale housing within the City must adhere to the policies contained herein and the *Balanced Communities Policy Guidelines*. As part of the entitlement process, the Developer and the City will enter into an Affordable Housing Agreement, which will outline the terms of the development and which should refer to this policy and the procedures as described further.

DEVELOPMENT GUIDELINES

The purpose of this policy is to provide affordable homeownership opportunities for low-income households and to ensure that upon sale of the "affordable" unit the City receives adequate funds to continue to promote affordable homeownership programs throughout the City.

To that end, the two primary components of this development process include the establishment of a loan, through a Second Trust Deed, between the Homebuyer and the City and an equity share system based upon the Homebuyer's length of occupancy. The City and Developer shall be jointly responsible for the implementation of the development mechanisms as outlined below.

The City's Second Loan will ensure that the unit shall be affordable to the low-income buyer while maintaining the market value of the property. The Silent Second Loan shall be defined as a loan that does not require any payments until sale, transfer, refinance, rental or change in title of the property.

City Loan Calculation

The calculation of the City's second loan amount shall be based upon the establishment of the "Affordable Sales Price" and "Market Rate Price" of each type of unit, based upon number of bedrooms per unit. The City's Second Loan amount is calculated based upon the difference between the Market Rate Price (MRP) and the Affordable Sales Price (ASP).

$$\text{Silent Second Loan Amount} = \text{MRP} - \text{ASP}$$

COUNCIL POLICY CITY OF CHULA VISTA			
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The Affordable Sales Price shall be calculated based upon a number of factors, including but not limited to, -number of bedrooms per unit at 1.5 persons per bedroom, homeowner's association dues, utility allowance, property tax, Mello Roos (CFDs) and any other additional costs of construction that are passed onto the buyer. This calculation is then incorporated into the formula that determines what the City's second loan amount will be.

Assumptions utilized to calculate the Affordable Sales Price will be subject to the normal costs and fees as associated with the purchase of the particular property based upon the real estate market and negotiations between the City and Developer at the time of the development proposal. The criteria included that will remain constant are the percentage of downpayment required, term of the loan and the maximum housing to income ratios. Other factors may be applied, and are subject to change, based upon the individual development costs.

The Market Rate Price will be determined and mutually agreed upon by the City and Developer based upon current real estate comparables and market analysis at the time of development proposal. The Market Rate Price may be subject to change upon the approval of the City during the development/construction period.

~~Table 1 provides an example of the assumptions utilized to calculate the Affordable Sales Price. All factors will be subject to the normal costs and fees as associated with the purchase of the particular property based upon the real estate market and negotiations between the City and Developer at the time of the development proposal. The criteria included that will remain constant are the percentage of downpayment required, term of the loan and the maximum housing to income ratio. Other factors may be applied, and are subject to change, based upon the individual development costs.~~

Table 1

CRITERIA	VARIABLES
Downpayment	3% of Purchase Price
Interest Rate	6%

**COUNCIL POLICY
CITY OF CHULA VISTA**

SUBJECT: DEVELOPMENT OF AFFORDABLE FOR SALE HOUSING FOR LOW- AND MODERATE- INCOME BUYERS	POLICY NUMBER	EFFECTIVE DATE	PAGE
	453-02	12-09-03	11 of 7

ADOPTED BY: Resolution No. 2003-492

DATED: 12-09-03

AMENDED BY: Resolution No. 2005-314, 9-13-05 and 2013- , 7-16-13

Term of Loan	30 years
Taxes	1.1% of Purchase Price
HOA Fees and Mello-Roos, if applicable	\$200/month
Maximum Housing to Income Ratio	36% of monthly income

Table 2 utilizes the assumptions from Table 1 to determine the maximum Affordable Purchase Price.

Table 2

Description	Low Income	Low Income	Low Income
Unit Size by No. of Bedrooms	2 Bdrms	3 Bdrms	4 Bdrms
Qualifying Percent of Area Median Income (AMI) for Affordable Housing	80%	80%	80%
Equals Annual Household Income Based Upon Qualifying Percent of AMI	\$49,700	\$57,400	\$64,050
Equals Monthly Household Income Based Upon Qualifying Percent of AMI	4,142	4,783	5,338
Times Percent of Household Income Attributable to Housing Expenses	36%	36%	36%
Equals Annual Dollars Allowed for Housing Expenses	17,892	20,664	23,058
Less Real Estate Taxes	1,871	2,218	2,526
Less Home Owners Fee \$200 x 12 months	2,400	2,400	2,400
Equals Annual Dollars Available for Debt Service	13,621	16,046	18,132
Divided by Annual Loan Constant	0.0719	0.0719	0.0719
Equals Maximum Loan Amount Available for Home Purchase	189,444	223,171	252,184

COUNCIL POLICY CITY OF CHULA VISTA			
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Description	Low Income	Low-Income	Low Income
Plus Down Payment - 3%	5,859	6,902	7,799
Equals Maximum Affordable Purchase Price	\$195,303	\$230,073	\$259,983

Table 3 illustrates sample amounts for the City's second loan to Homebuyer based upon calculation of MRP-ASP.

Table 3

Bedrooms Per Unit	Max Aff Purchase Price (Table 2)	Market Value of Home				
		Second Trust Deed Amount				
		\$ 275,000	\$ 300,000	\$ 325,000	\$ 350,000	\$ 375,000
2	\$ 195,303	\$ 79,697	\$ 104,697	\$ 129,697	\$ 154,697	\$ 179,697
3	\$ 230,073	\$ 44,927	\$ 69,927	\$ 94,927	\$ 119,927	\$ 144,927
4	\$ 259,983	\$ 15,017	\$ 40,017	\$ 65,017	\$ 90,017	\$ 115,017

Equity Share

Table 4-1 illustrates the equity share percentages between the City and Homeowner based upon the length of time that the Homeowner has occupied the property. The applicable equity share, if any, plus principal shall be due upon sale, transfer, refinance, rental or change of title on the property. Should a Homeowner sell, transfer, rent or reconvey the property before one year has passed from the date of the close of escrow, the City shall retain 100% of the equity in the property, minus approved Homebuyer expenditures, including amount of initial downpayment and approved costs of sale.

Table 41

For-Sale Low- and Moderate- Income Homebuyer Equity Share

Occupancy Period (years/months)	City Equity Share	Homeowner Equity Share
0-12-5	0%70%	100%30%
13-24-10	5%60%	95%40%

**COUNCIL POLICY
CITY OF CHULA VISTA**

SUBJECT: DEVELOPMENT OF AFFORDABLE FOR SALE HOUSING FOR LOW- AND MODERATE-INCOME BUYERS	POLICY NUMBER	EFFECTIVE DATE	PAGE
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ADOPTED BY: Resolution No. 2003-492 **DATED:** 12-09-03

AMENDED BY: Resolution No. 2005-314, 9-13-05 and 2013-_____, 7-16-13

<u>25-36</u> 11-15	<u>10%</u> 50%	<u>90%</u> 50%
<u>37-48</u> 16-20	<u>15%</u> 40%	<u>85%</u> 60%
<u>49-60</u> 21-25	<u>20%</u> 30%	<u>80%</u> 70%
<u>61-72</u> 26-30	<u>50%</u> 20%	<u>50%</u> 80%
<u>73-84</u> 31-35	<u>55%</u> 10%	<u>45%</u> 90%
<u>85-96</u> 36-45	<u>60%</u> 5%	<u>40%</u> 95%
<u>97-108</u>	<u>65%</u>	<u>35%</u>
<u>109-120</u>	<u>70%</u>	<u>30%</u>
<u>121-132</u>	<u>75%</u>	<u>25%</u>
<u>133-144</u>	<u>80%</u>	<u>20%</u>
<u>145-156</u>	<u>85%</u>	<u>15%</u>
<u>157-168</u>	<u>90%</u>	<u>10%</u>
<u>169-180</u>	<u>95%</u>	<u>5%</u>
<u>Thereafter</u>	<u>100%</u>	<u>0%</u>

Following is an example of how the equity share calculation works.

ASSUMPTIONS

Initial Market Rate Price	\$275,000
Initial Affordable Purchase Price	\$195,303
City's Second Loan	\$79,697
Length of Occupancy	4 years
Resale Price	\$500,000
Remaining 1st Loan Amount	\$187,303

A family of three purchases a two-bedroom unit for the market rate value of \$275,000. The household qualifies for the maximum Affordable Purchase Price of \$195,303. A second loan is provided for the amount between the Market Rate Price and the Affordable Purchase Price, which is \$79,697. This loan shall be repaid to the City.

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Four years later, the property sells for \$500,000. The remaining amount owed on the 1st mortgage loan is \$187,303. The Homeowner would receive his/her initial downpayment amount of \$5,859 plus \$40,000 (8% of \$500,000) as reimbursement for the costs associated with the sale of the property.

The Homeowner's equity share amount would be \$102,007 plus the \$187,303 balance on the 1st loan for a total recapture to Homeowner of \$289,310. The City's equity share amount would be \$131,011 plus repayment of the principal of the City's Second Loan (\$79,697) for a total recapture to City of \$210,690.

EXAMPLE TABLE			
Current Sales Price (4 yrs later)		\$	500,000
	1st Loan-Homeowner	\$	(187,303)
	2nd Loan-City	\$	(79,679)
	Homeowner's Investment-Homeowner	\$	(45,859)
Equity		\$	187,159
	Times Equity Share Percentage		70.0%
Equity Share (City)		\$	131,011.30
TOTAL DUE TO CITY		\$	210,690
TOTAL DUE TO HOMEOWNER		\$	289,310

Repayment Requirements and Conditions

Sale, transfer, refinance with cash-out or for purposes of debt consolidation or renting of the property requires both repayment of the Silent Second Loan PLUS repayment of a portion of the equity based upon the length of occupancy at the time of such action.

The City will subordinate its second loan if the Homeowner wishes to obtain a straight rate and term refinance (no cash out or debt consolidation). Neither the City's second loan or the equity share will be due. The City will evaluate the Homeowner's Ratios to determine if the borrower can repay a portion of the silent second or if the new loan remains affordable for borrowers who refinance into a less loan term.

Should the Homeowner wish to add an individual to the Title of the property or include the property in a Trust they must obtain City approval prior to such action. Either action may result in the loan and/or equity share becoming due and payable within 90 days of the action and shall be at the discretion of the City.

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Short Sale and Hardship

Upon loan repayment request, if the combined first and second mortgages are below current market value of a unit, the City will require homeowners to seek homeownership counseling prior to the approval of a short sale of the property. In addition, on a case by case basis, the Director of Development Services may authorize a reduction in the City's Silent Second Loan Amount principal after sale for buyers whom are in good standing for a minimum of 12 months, undergoing a refinance and where initial Market Rate Price has declined by more than 450% to current value, under current underwriting and industry standards.

PROGRAM REQUIREMENTS

The City and the Developer will ensure the development meets all of the following requirements:

1. Should subsidized financing, offsets, or incentives be proposed and obtained, the development requirements of that program or granting Agency must also be met.
2. All "affordable" units will be sold to buyers meeting both the income-based and cost-based measures of affordability. The income-based measure is the annual income at 80% and 120% of Area Median Income (AMI) based upon household size. The cost-based measure may not exceed 40% of 80% of AMI for all loans except FHA which has a cap of 36%. Therefore, utilizing 2005 income figures, the income for a household of four may not exceed \$55,200, thereby meeting the income-based measure. In order to meet the cost-based measure of affordability, a family of four cannot expend more than \$22,080 (40% of \$55,200) for total housing expenses or \$19,872 annually of obtaining an FHA loan (36% of \$55,200)
3. If the City provides any type of financial assistance or incentive for the project (i.e. funding for the construction of the project, density bonus, parking deviations, etc) ~~†~~The units will be priced as affordable to buyers at the 70% and 110% of AMI level, but the maximum income level for qualifying households will still be at 80% of AMI for low- income and 120% for moderate- income. Pricing will be set using a front

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end ratio of 30% for low income buyers and 36% for moderate income buyers.
qualifying households. Please refer to Attachment 2.

4. Prospective homebuyers must be pre-qualified by the designated Lender, as determined by the Developer, in order to purchase an affordable unit, although the homebuyer may obtain his/her permanent financing from any licensed mortgage broker or lender of their choosing. Homebuyer shall notify City staff in writing of intent to use "outside" lender at least 30 days before expected escrow closing, as determined by the developer.
5. Homeowner is required to attend a qualified "Homebuyer Education Program" and provide evidence to the City of their attendance before the close of escrow.
6. The Borrower must sign a release authorizing the City to receive a copy of the buyer's 1003 (Mortgage Loan Application), Good Faith Estimate and Underwriting Transmittal Summary (1008) or similar form from Lender, which shall be forwarded to City as part of the application review process.

Underwriting Requirements

The City shall require that each homebuyer meet the following underwriting standards in order to be eligible for purchase of an Affordable Unit, regardless of Lender's standard or available underwriting criteria:

1. Minimum contribution by buyer of three percent (3%) of the Purchase Price;
2. Maximum liquid assets after downpayment and closing cost contribution not to exceed \$25,000 (not including retirement accounts i.e. IRA's, 401(k), etc);
3. Non-occupant co-borrowers are not allowed;

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4. Maximum total housing ratio of 36% for FHA loans and 40% for all other loans;
5. Maximum debt-to-income ratios of 41% for FHA loans and 45% for all other loans; and
6. No refinancing for the purposes of cash-out or debt consolidation shall be allowed; and;
- 6.7. Gift funds shall not exceed 10% of the affordable sales price.

Lender Requirements

The Developer is responsible for providing an informational packet to the Homebuyer detailing the responsibilities of all of the involved parties, including the Lender, City, Developer and Homebuyer. The Lender is required to adhere to the criteria in determining the Homebuyer's eligibility for an affordable for-sale unit. Appropriate documentation ~~(as outlined above as #7)~~ must be forwarded to the City by the Lender. After review and verification that the Homebuyer is qualified, the City will send an Approval Letter to the Lender confirming the Homebuyer's eligibility.

BUYER SELECTION CRITERIA

The Developer shall use the following criteria in order to determine priority for purchase of an affordable for-sale housing unit. Marketing of units shall be in compliance with federal and state fair housing law. A point system has been established so that applicants with a higher number of points will receive preference for units.

- 5 points Households which are displaced from their primary residence as a result of any of the following: (i) expiration of affordable housing covenants applicable to such residence; (ii) an action of City or Agency; (iii) closure of a mobilehome or trailer park community in which the household's residence was located; or (iv) a condominium conversion involving the household's

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residence. One member in the households must have resided in such housing as the primary place of residence for at least one year prior to such action or event.

3 points Households with at least one member who is working within the City of Chula Vista, as that person's principal place of full-time employment, at the time of application.

3 points Households currently residing within the boundaries of the City of Chula Vista, at the time of application.

2 points Households with at least one member who is a Public Safety employee (fireman/woman and policeman/woman) or Credentialed Teacher. The individual must be working in such position as his/her full-time profession at the time of application.

1 point All other applicants who do not meet any of the above criteria.

In the situation where there are applicants with an equal number of points but not enough units available, secondary determining factors may be considered, including number of verifiable household members or individuals with special needs or disabilities.

ATTACHMENTS

1. ~~County of San Diego Household Income Limits~~
2. ~~Analysis of Affordable House Pricing~~